

# TECHNICAL ADVICE ON STANDARD FORMULA CAPITAL REQUIREMENTS FOR CRYPTO-ASSETS

Workshop on new technical standards

27 November 2024

# TECHNICAL ADVICE ON STANDARD FORMULA CAPITAL REQUIREMENTS FOR CRYPTO-ASSETS

## Call for Advice

- On 30 April 2024, the European Commission requested technical advice from EIOPA on the Solvency II standard formula capital requirements for investments in crypto-assets. The deadline for the advice is 30 June 2025.
- Specifically, EIOPA is asked to
  - assess the appropriateness of the prudential treatment of investments in such assets under current rules;
  - provide advice on possible revised calibrations considering the risk features of different categories of crypto-assets

## Context

- MiCA introduces a bespoke regulatory framework for crypto-assets including EMTs and ARTs.
- Recent amendments to the Capital Requirements Regulation (EU) No 575/2013 (CRR) include transitional prudential measures for crypto-assets, considering the requirements under MiCAR.
- These amendments specify, amongst others, the capital requirements for EMTs and ARTs.

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## Current treatment

- Observed treatment is valuation at perceived market price
- Standard Formula stress is mainly equity type 2, resulting in diversified 49% stress
- May also be treated as intangible – not possible in practice to observe this (as would likely show as 0 value in QRT)

## Consultation proposal

- Stress should be consistently applied whether assets are held directly or indirectly via – e.g. ETFs
- Stress should be 100% (in line with empirical risk) and undiversified (in line with treatment of other intangible items)
- Development of markets in EMTs and ARTs, and the treatment in CRR, should continue to be monitored.

**THANK YOU!**